

Sales and Use Tax on Candy

Sales &
Use tax
notice

Effective July 15, 2002, Chapter 856 of the Public Acts of 2002 raises the state sales and use tax rate on tangible personal property from 6% to 7%. However, the law provides that "food and food ingredients" are to continue being taxed at a state tax rate of 6% plus the applicable local tax rate. The law defines "food and food ingredients" as follows:

"food and food ingredients:" means substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value."

The reduced rate for "food and food ingredients" does not apply to Candy. Effective July 15, 2002, candy will be taxed at the full state tax rate of 7% plus applicable local tax. *Please see separate [Important Notice regarding Food and Food Ingredients](#).*

The law defines "Candy" as follows:

"Candy" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars, drops, or pieces. Candy does not include any preparation containing flour and must require no refrigeration.

Flour: Items that contain the word "flour" as an ingredient on the label are not candy under this definition and are therefore taxable as "food and food ingredient" at the lower state tax rate of 6% plus applicable local tax rate.

Refrigeration: If an item *requires* refrigeration, it is not candy. For example, Popsicles and ice cream bars require refrigeration so they are taxable as "food and food ingredients" at the lower state tax rate of 6% plus applicable local rate. However, if these items are prepared by the seller, they constitute prepared food and are taxable at the higher rate. *See [Important Notice on Prepared Food](#).* Candy that does not *require* refrigeration is taxable even if sold frozen.

Assuming that the following items do not contain flour and do not require refrigeration, they would be defined as "candy" and would be taxable at the full 7% state tax rate plus applicable local rate are:

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| <ul style="list-style-type: none"> • breath mints • candy bars • chocolate chips • fruit roll-ups • marshmallows • caramel corn • caramel apples • chocolate or carob covered raisins or nuts | <ul style="list-style-type: none"> • sweet or semi-sweet cooking bars or chips • gum • honey roasted nuts, beer nuts • trail mix that includes candy • peanut brittle • sugarless candy • yogurt covered raisins or nuts |
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The following items would not be considered “candy”, as the term is defined by law, and would be taxable at the 6% tax rate plus the applicable local rate. However, if any of these items are sold with eating utensils, such as plates, knives, forks, spoons, glasses, cups, napkins or straws, provided by the seller, or contain two or more food ingredients mixed or combined by the seller for sale as a single item, or are heated by the seller, they would be considered “prepared food” and would be taxable at

the 7% rate plus the applicable local rate.

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| <ul style="list-style-type: none">• cakes• chocolate chip cookies• chocolate milk• corn chips• frozen yogurt• fruit juice• ice cream | <ul style="list-style-type: none">• ice cream bars• pies• popsicles• potato chips• pretzels• soft drinks |
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Have questions or comments? Please let us know. [Contact us.](#)

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